BRITISH COLUMBIA
The Best Place on Earth

BCStats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 09-39 October 2, 2009

- **BC's population up 1.6% in second quarter 2009**
- **Room revenues in the province down 1.5% in June**
- **Sales in BC's food service industry down 0.8% in July**

Population

- **As of July 1st, British Columbia's total population was estimated at 4,455,207, an increase of 71,362 persons (+1.6%) compared to the same quarter in the previous year.** This rate of population growth ranks second in the country, along with Saskatchewan (+1.6%), behind a 2.6% increase in Alberta.

  Nationally, the population rose to 33,739,859, an increase of 412,522 (+1.2%) from the second quarter of last year.

  Data Source: Statistics Canada & BC Stats

- **The increase in BC's population during the three months of the second quarter was largely the result of an increase in net international migration (+11,521).** This increase came from a net gain in the number of immigrants (+10,923) and non-permanent residents[1] (+2,118) which offset the number of people leaving BC for other countries (-1,520).

  During the second quarter, BC saw a net inflow of people (+1,752) from the rest of Canada. The largest net contributor to this interprovincial gain was Alberta (+930), followed closely by Ontario (+748). Quebec (+133), the Territories (+99) and the Atlantic Provinces were also a source of migrants into BC. However, British Columbia saw a net outflow of residents to Saskatchewan (-138) and Manitoba (-64).

  Natural increase (+3,897), the number of births less the number of deaths, also contributed to the rise in population.

  Data Source: Statistics Canada & BC Stats

The Economy

- **Room revenues in British Columbia slid lower in June (-1.5%, *seasonally adjusted*), the sixth decline registered in the past seven months.** In general, room revenues have been trending downward since mid-year in 2008 and are currently at levels not seen since mid-2005. The coastal regions of Vancouver Island/Coast (-2.9%), Mainland/Southwest (-2.4%) and North Coast (-6.6%), as well as Kootenay (-3.7%), all saw revenues fall. These declines were only partly offset by a boost in revenues in Thompson/Okanagan (+2.1%), Cariboo (+2.1%), Nechako (+8.8%) and Northeast (+4.7%). *Data Source: BC Stats*

- **Sales for British Columbia's food services and drinking places industry increased 0.8% to $654 million (*seasonally adjusted*) in July.** Accounting for more than ninety percent of total revenues for the industry, restaurant receipts in the province crept slightly higher (+0.7%) while drinking establishments posted a more solid gain (+1.8%).

  Nationally, industry sales inched ahead 0.5% to just over $4.0 billion with every province except Ontario (-0.3%) registering higher revenues in July.

  Data Source: Statistics Canada & BC Stats

- **The number of recipients of regular employment insurance (EI) benefits in British Columbia fell slightly (-0.5%, *seasonally adjusted*) in July.** Despite this recent drop, on a year-over-year basis, the number of people receiving regular benefits in BC remains high,

[1] Includes foreign workers and students, refugees and all other lawful temporary residents.

Report Adding Some Heat to Trade with India

Did you know...

In 2008, roughly 12% of Canadians reported eating alone at a restaurant. That's more than any other country with the exception of Taiwan, and is nearly twice the global rate of 7%.

Data Source: The Nielsen Company

at more than double the number collecting regular benefits in July 2008. Most of that year-over-year increase is attributable to men and those under the age of 25.

Data Source: Statistics Canada

Second Quarter in Review

- **Total room revenues in British Columbia slumped 4.9% (*seasonally adjusted*) during the second quarter of 2009.** This was the fourth consecutive quarterly decrease in room revenues. More than half of the decline (57%) is the result of a sharp drop (-5.3%) in revenues in Mainland/Southwest, the region responsible for the largest share of provincial room revenues. Vancouver Island/Coast (-6.3%), Cariboo (-4.7%) and Thompson/Okanagan (-4.5%) also posted significant declines while the dip in revenue registered in North Coast was less severe (-1.8%). Kootenay (+2.6%) and Nechako (+2.6%) were the only regions of the province to report revenue increases during the second quarter. *Data Source: BC Stats*

The Nation

- **Canada's real gross domestic product remained unchanged in July as declines in mining, oil & gas (-1.5%) offset a rebound in manufacturing (0.8%) and wholesale trade (+1.6%).** Following a nine-month-long slide, manufacturing saw a 0.8% increase in value-added production as assembly lines producing motor vehicles and parts (+17%) resumed operation after being temporarily idled. This increase in motor vehicle production was also instrumental in explaining the rise in wholesale trade. With the exception of the coal industry, the continued world-wide decline in demand for iron and non-metallic minerals put pressure on the mining sector (-4.2%). Oil & gas extraction declined 0.4% while support activities plummeted 11%.

  Data Source: Statistics Canada

- **The Industrial Product Price Index (IPPI), which measures average price changes that Canadian producers received for their products, rose 0.5% in August.** A 6.2% increase in coal and petroleum prices and well as a 4.9% rise in primary metal prices were the main drivers of the index, pushing the IPPI higher despite the fact that 13 of 21 major product groups saw price declines. Chief among those products that experienced a drop in prices was pulp & paper products (-1.4%). BC softwood lumber, on the other hand, saw prices inch higher (+0.3%). It is important to note that many industrial products are priced in US dollars and recent appreciation of the loonie against the greenback put downward pressure on prices received when converted back into Canadian funds.

  Data Source: Statistics Canada

- **During the second quarter of 2009, tourism spending in Canada fell 0.8% (*seasonally adjusted*) as both Canadian (-0.6%) and international travellers (-1.6%) reduced expenditures.** This recent decline marks the fourth consecutive quarterly dip in tourism demand. During this slide in spending over the past twelve months - the longest since the early 1990s - outlays have fallen 2.9%. Among others, there were two key factors that likely contributed to the weakness in tourism demand. The first was the introduction of more stringent requirements for entry and re-entry to the United States put in place in June. The second was the ongoing concern regarding the outbreak of H1N1 influenza virus (also known as "swine flu") in Mexico that has since spread to many locations around the world.

  However, while this was the longest downturn, it was not the deepest. The sharpest downturn in demand occurred during the first six months of 2003 when tourism spending suffered a 5.8% decline in the wake of the SARS pandemic. *Data Source: Statistics Canada*

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October 2, 2009

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Contact: Jade Norton
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originally published in
Exports Trends Issue 09-06

Adding Some Heat to Trade with India

With a population of 1.2 billion, and one of the world's fastest growing economies, India offers vast opportunities for trade. There has been substantial talk of strengthening Canada-India trade ties in recent years, up to and following the signing of the Foreign Investment Protection and Promotion Agreement in 2007. The agreement announced by Canada's International Trade Minister David Emerson in June of 2007, aims at encouraging Indians and Canadians to invest more money in each other's economies, by providing a stable environment for investors and further stimulating trade and investment flows between the two countries[1]. This type of agreement also hints at the potential for reaching a full-fledged free trade deal in the near future; talks surrounding such an agreement have recently begun. In January of 2009, Stockwell Day, Canada's Minister of International Trade and Minister for the Asia-Pacific Gateway, and Kamal Nath, India's Minister of Commerce and Industry, announced that Canada and India have agreed to initiate exploratory discussions toward a comprehensive economic partnership agreement[2].

Unlike China, India is a democracy and shares a history with Canada: the two countries are both former British colonies, with a deep-seated legal system rooted in English common law. Free trade with India has the potential to give Canada a boost in the global race to seal commercial deals, while simultaneously opening more opportunities for Canada's lucrative service industry, from engineering to banking. India's emerging strength is based primarily in the service sector, while the more-talked-about China has been focussed mainly on trade in manufactured goods. A free trade agreement could provide an opportunity for significant growth in trade in services between Canada and India. In addition, free trade could bring economic improvements to India, which could reduce poverty and help foster the building of much-needed infrastructure to support its burgeoning population. There are already several British Columbia companies with business ties to India, particularly in the areas of mining, alternative energy and pharmaceutical research. BC also has great potential for India as a market to export many of its commodities, such as textiles and leather products, as well as its services, such as Information Technology support[3].

British Columbia stands to gain significantly by increased trade with India, as it is one of the primary sources of Canadian commodity exports to that country and is well situated geographically to facilitate trade.

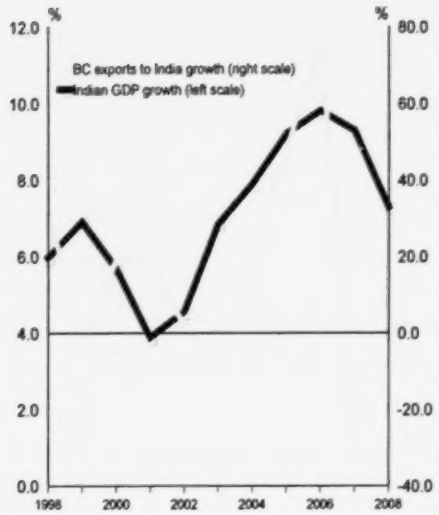
India has become one of the world's largest economies in recent years and despite the recent global economic downturn, signs point to economic expansion over the next decade. Not surprisingly, BC exports to India have shown somewhat of a correlation with that country's growth in GDP over the last decade. For example, in 2006, India's GDP expanded at record rates and, in that same year, BC shipments to India surged. Conversely, in 2008, with the beginning of the global economic downturn, the growth in Indian GDP dropped off substantially and shipments of commodities from BC to India plummeted.

[1] Canada strikes trade deal with India by Steven Chase, The Globe and Mail. June, 2007

[2] For more information on Canada's trade agreement(s) with India and other countries, see Foreign Affairs and International Trade Canada: www.international.gc.ca

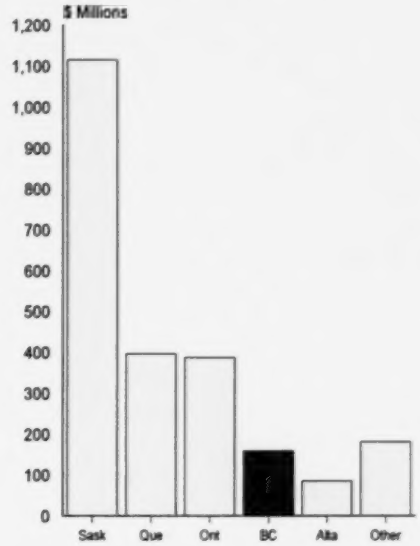
[3] India knocking on Canada's door by Lena Sin, The Province. January, 2009

Fluctuations in BC origin exports to India are somewhat correlated to the rate of Indian GDP growth



Data Source: Statistics Canada

BC was the origin of close to seven percent of Canadian commodity exports to India in 2008



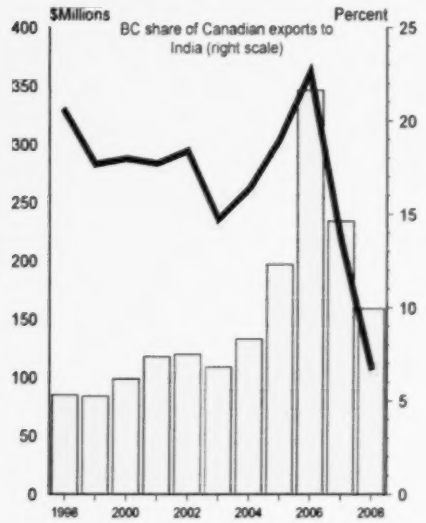
Data Source: Statistics Canada

India was the thirteenth most significant destination for Canadian exports in 2008 with 0.5% of total exports shipped there, and the twenty-fifth largest source of imports, with 0.5% of goods entering Canada originating in India. For British Columbia, India ranked eighteenth as a destination for BC exports, just barely behind other important trading partners like France, the Philippines and Belgium and even slightly ahead of free trade partner Chile. Last year, 0.5% of all commodity exports originating in BC were shipped to India.

In 2008, nearly seven percent of all goods shipped from Canada to India originated in BC. First-ranked Saskatchewan shipped 48% of total Canadian exports to India, due to its large-scale production of agri-food exports, such as legumes and oilseeds, particularly canola. Quebec, with 17% of Canada's shipments to India, ranked second, followed by Ontario (just under 17%). British Columbia's share has shown substantial volatility over the last decade.

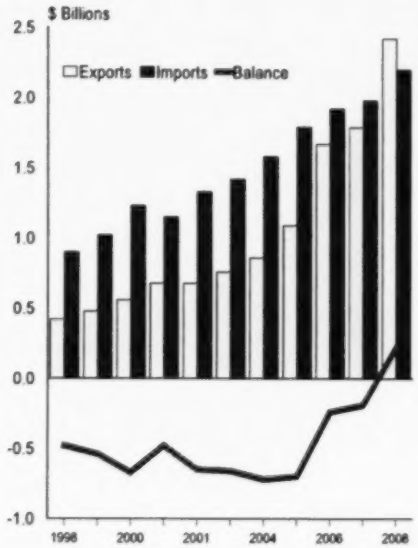
Last year, exports from BC to India declined for the second straight year, dropping to below $160 million. The value of BC commodity exports headed to India plunged 32.2% in 2008 compared to the previous year, but remained substantially higher than it was ten years prior (+86.7% higher than in 1998). The recent decline in shipments of goods from BC to India is in part related to the global economic instability that began in the latter part of 2008. When there is more demand for goods that are common to BC, such as copper and other ores, then it follows that the province has the opportunity to increase exports substantially. Subsequently, demand for raw materials used for the purpose of development and growth is likely to dwindle in slow economic times. As a result of the large drop in exports to India, the province's share of total Canadian commodity shipments to the Asian destination has slipped from almost 23% in 2006 to under 7% in 2008.

BC Origin Exports to India have dropped off since the boom in demand for copper in 2006



Data Source: Statistics Canada

Canada has a trade surplus with India, 2008

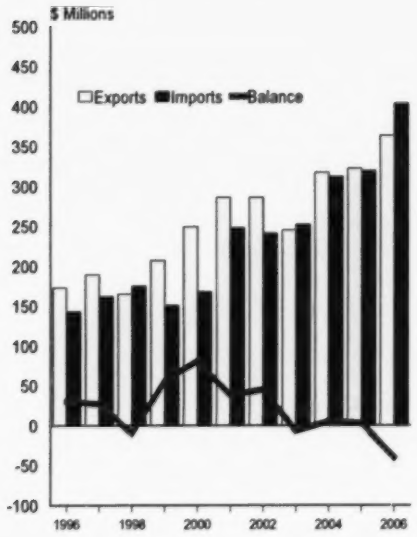


Data Source: Statistics Canada

In terms of trade with India, 2008 marked a more promising year for Canada as whole. Historically, Canada has held a substantial trade deficit with India. However, the strong growth in India has fuelled an unexpected demand for raw goods such as base metals and crude oil, which has pushed the country's trade deficit to higher levels in recent times. This, coupled with Canada's ability to fill much of the Indian demand for raw materials, resulted in Canada shipping more commodities to India than it imported from that country in 2008, pushing the balance of trade out of its deficit position for the first time since 1992. Rising exports and little growth in imports tipped the scales to over $216 million in Canada's favour in 2008, which is a significant improvement from just a year earlier when it stood at a deficit of more than $188 million.

Interestingly, the reverse has proven true for the balance of trade in services between Canada and India. Canada's trade balance with India in services had been in surplus for seven of the last ten years. However, in 2006 (the last year for which such data is available), Canada exported $363 million in services to India and imported more ($403). This left the trade balance of services in a deficit of $40 million, down from a surplus of $30 million in 1996. Although at just under $800 million, the two-way trade in services between India and Canada remains comparatively insignificant at this time, it shows potential for substantial improvement and has more than doubled (+142.4%) since 1996.

Canada has a deficit with India in trade in services, 2006



Data Source: Statistics Canada

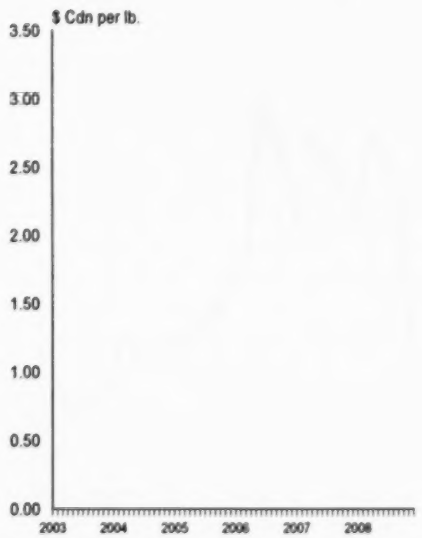
Forest products, including rolled and sheeted newsprint and wood pulp have customarily been the largest exports from BC to India. However, although they remained big players in the Canada-India market in 2008, products in these categories were somewhat upstaged by the impact of rising and falling demand for copper ores.

Top Five BC Origin Exports to India, 2008

Commodity	$ Cdn Millions	Share (%) of total
Copper ores and concentrates	46.0	29
Semi-chemical wood pulp	35.4	22
Chemical wood pulp	31.3	20
Newsprint	19.9	13
Worn clothing	4.6	3
Total BC Exports to India	158.6	100

The main driver of the rising trade surplus has been the growth in Indian imports of Canadian coppers and ores. The flourishing industrial production in India has in turn boosted demand for inputs into production, such as base metals. This has resulted in significant price inflation for metals, as well as other commodities. Copper, an important metal export for BC, has been one metal that has particularly appreciated in price in recent years. However, over the last several months, demand and prices have dropped off substantially. Despite the recent declines, in 2008, BC exported $46.0 million of copper and ore concentrates to India, comprising 29% of BC exports to that market, making it the second largest BC export to India. That being said, the drop off in demand and cost of mineral ores is the main cause of BC's decrease in exports to India last year. Combined, chemical and semi-chemical wood pulps still accounted for the largest share of shipments (42%) in 2008, and newsprint also remained a significant export from BC to India at $19.9 million (13% of BC exports to India).

Demand from countries like India and China has had a marked effect on copper prices



Data Source: Statistics Canada

The top Canadian exports to India differed slightly from BC's exports to the sub-continent. Potash and other fertilizers made up a significant share of the country's shipments to India (30%), as did peas, chickpeas and lentils (18%). Similar to BC, newsprint and other paper and paperboard continued to account for a sizeable share of Canada's shipments to India (10%). Commodity exports to India from Canada exceeded two billion dollars in 2008.

Top Five Canadian Exports to India, 2008

Commodity	$ Cdn Millions	Share (%) of total
Mineral or chemical fertilizers	688.0	30
Leguminous vegetables, dried and shelled	422.8	18
Newsprint	232.3	10
Semi-chemical wood pulp	76.7	3
Helicopters, airplanes & spacecraft	70.6	3
Total Can. Exports to India	2,322.1	100

Canadian imports from India are a little more varied, although about 14% of the value of imports in 2008 was from two general product groups. The top imports were heterocyclic compounds, which are organic compounds used in biochemical and industrial applications, and diamonds.

Top Five Canadian Imports from India, 2008

Commodity	$ Cdn Millions	Share (%) of total
Heterocyclic compounds with nitrogen hetero atom(s) only	171.1	8
Diamonds	128.9	6
Articles of jewellery	74.5	3
Linen	68.7	3
Heterocyclic compounds, not elsewhere specified	66.4	3
Total Can. Exports to India	2,201.8	100

In addition to trade in goods and services, Canada and India also have well-established investment ties. Canadian direct investment in India amounted to $801 million in 2008, while Indian investment in Canada surpassed the $1.0 billion mark for the first time. These figures are likely to expand further with a trade agreement in place.

There are inevitably some roadblocks to overcome in order to further strengthen trade between Canada and India. It remains to be seen if the slowed global economy will further impact growth in India and consequent demand for Canadian, and specifically BC, commodities. However, both sides appear eager to strengthen ties and with global markets getting more intense and more competitive, it seems it would be in the best interest of both countries to continue to work toward minimizing trade barriers.

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Issue 09–39

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BC at a glance . . .

POPULATION (thousands)	Jul1/2009	% change on one year ago
BC	4,455.2	1.6
Canada	33,739.9	1.2
GDP and INCOME (Revised Apr 27)		
(BC - at market prices)	2008	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	199,214	3.5
GDP *($ 2002 millions)*	164,161	-0.3
GDP *($ 2002 per Capita) (reflects revised pop)*	37,466	-1.9
Personal Disposable Income *($ 2002 per Capita)*	26,110	3.3
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Jul	2,642	-0.8
Merchandise Exports - Jul	2,132	10.8
Retail Sales - Jul	4,413	-0.8
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Aug 2009)	one year ago	% change
BC	-1.1	0.8
Vancouver	-0.8	1.0
Victoria	-0.8	0.9
Canada	-0.8	0.9
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Aug '09	prev. month
Labour Force - BC	2,447	0.5
Employed - BC	2,256	0.4
Unemployed - BC	191	1.3
		Jul '09
Unemployment Rate - BC *(percent)*	7.8	7.8
Unemployment Rate - Canada *(percent)*	8.7	8.6
INTEREST RATES (percent)	Sep 23/2009	Sep 24/2008
Prime Business Rate	2.25	4.75
Conventional Mortgages - 1 year	3.70	6.65
- 5 year	5.49	6.85
US-CANADA EXCHANGE RATE	Sep 23/2009	Sep 24/2008
(avg. noon spot rate) Cdn $ per US $	1.0724	1.0351
(closing rate) US $ per Cdn $	0.9301	0.9646
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Aug '09	one year ago
BC	806.56	3.7
Canada	808.08	2.4

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Population & Household Projections

The latest British Columbia population projections (PEOPLE 34) are now available. BC Stats produces population and household projections for British Columbia and for a number of sub-provincial geographies in the province, including: Development Regions, Regional Districts, Health Authorities, Health Service Delivery Areas, Local Health Areas, College Regions, School Districts, and six Special Regions.

www.bcstats.gov.bc.ca/data/pop/pop/popproj.asp

British Columbia Wellness Atlas 2008

The dynamic and highly configurable atlas allows users greater flexibility to explore the regional variations and correlations of the wellness data. In total, 40 indicators are drawn from the CCHS (Canadian Community Health Survey) and 27 indicators are from the 2006 Census of Canada and 2008 Socio-Demographic variables from BC Stats. The Wellness Atlas presents information in a geographical context (Health Service Delivery Areas), revealing spatial variations and patterns across British Columbia. To display your own unique dataset, contact Pat Bluemel to discuss.

www.bcstats.gov.bc.ca/data/pop/georef/geopage.asp

Regional Employment Projections

British Columbia's economy depends upon a skilled workforce for economic growth and well-being. Recent demographic forecasts have emphasized the need to increase the workforce in a variety of occupations. In response, BC Stats has developed a projection of the possible demand for labour by region, industry and occupation for 2008 to 2013.

www.bcstats.gov.bc.ca/data/lss/repm.asp

Released this week by BC Stats

- Business Indicators, September 2009
- Current Statistics, September 2009
- Tourism Sector Monitor, September 2009
- Immigration Highlights, Second Quarter 2009
- Migration Highlights, Second Quarter 2009

Next week

- Labour Force Statistics, September 2009
- Earnings & Employment Trends, Sept. 2009

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